

**MINUTES OF THE
CAPITAL PROJECTS AND BOND
OVERSIGHT COMMITTEE**

April 15, 1998

The Capital Projects and Bond Oversight Committee met on March 18, 1998, at 10:30 a.m. in Room 125 of the Capitol Annex. Representative Robert Damron, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Robert Damron, Chairman; Senator Robert Leeper, Vice Chairman, Senators Tom Buford and Denny Nunnelley; Representatives Drew Graham, Paul Marcotte, and Jim Wayne.

Guests: Representative Jim Callahan and Representative Dick Murgatroyd; Ron Carson, Earl Clements, Bill Hintze, and Allen Holt, Governor's Office for Policy and Management; Commissioner Armond Russ and Paul Hoffman, Department for Facilities Management; Don Mullis and Tom Howard, Office of Financial Management and Economic Analysis; Sherron Jackson, Council on Postsecondary Education; John Finnan, Covington City Government; Greg Jarvis and Charles Wheeler, Northern Kentucky Convention Center Corp.; Steve Wilburn; Greg Higdon, Associated Industries; Jim Owens, Department for Fish and Wildlife Resources; Gary Cloyd, Workforce Development Cabinet; Commissioner Kenny Rapier and Hugh Smith, Department of Parks; Paris Hopkins, Governor's Office; David Bratcher, Economic Development Cabinet; Hank Marks, Jack Affeldt and Kim Burch, LRC.

LRC Staff: Mary Lynn Collins, Pat Ingram, Lou Pierce, and Shawn Bowen.

Press: Dave Baker, State Journal and Bill Bartow, Kentucky Post.

Representative Graham made a motion to approve the minutes of the March 18, 1998, meeting as submitted. The motion was seconded and passed by voice vote.

Chairman Damron reviewed correspondence items in members' folders which included the Kentucky Lottery Corporation's monthly financial status report for February 1998; status reports on capital projects from the Finance and Administration Cabinet, the University of Kentucky, the University of Louisville, and the Administrative Office of the Courts; and correspondence from Department of Parks Commissioner Kenny Rapier regarding the Parks Capital Maintenance and Renovation Fund.

Chairman Damron said five of the seven projects submitted by the Finance and Administration Cabinet this month were received well after the 14-day deadline. He explained that he agreed to waive the 14-day deadline, primarily because the Committee is meeting a week ahead of schedule this month. He added the Committee does not plan to waive the 14-day requirement in the future.

Chairman Damron called on Mr. Bill Hintze, Deputy State Budget Director, Governor's Office for Policy and Management (GOPM), and Commissioner Armond Russ, Department for Facilities Management, to report on projects submitted by the Finance and Administration Cabinet.

Mr. Hintze said he and Secretary McCarty appreciated the Committee agreeing to allow last-minute projects to be placed on the agenda. He said timely notice was not given by some agencies concerning projects needing attention this month. Chairman Damron noted when projects are submitted to the Committee at the last minute, it puts

pressure on both GOPM staff and Committee staff to make sure they are analyzed properly.

Mr. Hintze discussed the Department of Fish and Wildlife Resources Cedar Creek Reservoir project in Lincoln County. He said the cost of this project is 100% reimbursable from federal funds, and to date, the Department has been authorized to spend \$1.5 million on the land acquisition, and now reports the need for an additional \$2.5 million, for a total project scope of \$4 million. Funding for the additional \$2.5 million is from two sources: (1) the 1994-96 Land Acquisition Pool (\$388,779) and (2) unbudgeted Trust and Agency Funds (\$2,111,221).

Representative Graham made a motion to approve the use of an additional \$2.5 million as an advance for the property acquisition. The motion was seconded by Representative Marcotte and passed by voice vote.

Next, Mr. Hintze discussed an allocation of \$68,000 from the Statewide Deferred Maintenance Pool for the Workforce Development Cabinet. Mr. Hintze said the allocation will be used for structural evaluation and repairs to Building E at the Mayo Regional Technology Center in Perry County. Mr. Hintze said the Finance and Administration Cabinet has approved the use of Statewide Deferred Maintenance Pool funds for this project.

Chairman Damron asked about the balance in the Statewide Deferred Maintenance Pool. Mr. Hintze said the fund was created in 1996 and \$3.5 million was appropriated. He said GOPM and the Finance and Administration Cabinet have been very conservative in allocating money from the fund, and the bulk of the appropriation remains available. Mr. Hintze added that because it is so late in the biennium, he expects heavier use of the

fund by agencies that have either exhausted or committed their maintenance funds to other projects.

In response to a question by Representative Marcotte, Mr. Hintze said the remaining balance in the fund at the end of the fiscal year is expected to be in excess of \$2 million. It will be carried forward and available in the next biennium. In addition, the Executive Budget, recently enacted, includes a \$1 million appropriation for the fund.

Next, Mr. Hintze discussed the Northern Kentucky Convention Center. This project was initially authorized by the 1992 General Assembly with \$1 million for design. The 1995 Special Session then authorized \$25 million in bonds for construction, and the 1996 General Assembly authorized \$3 million for enhancements. Mr. Hintze explained that the project's budget is exhausted, and \$1.5 million (5.2%) from the Capital Construction and Equipment Purchase Contingency Account is needed to complete the project.

Mr. Hintze said \$973,670 will be used for interior enhancements, including moveable dividing partitions, electronics and security equipment, lighting dimmers in the meeting rooms, as well as exterior lighting and marquee, and a leased property upgrade; and \$526,330 will be used for fireproofing a steel structure in the exhibit hall, and construction of drywall bulkheads for moveable partitions. Mr. Hintze said these last two items have resulted from design and construction errors and some of the associated costs could be recovered. He said if funds are recovered, they will be used to repay the contingency account.

Chairman Damron asked why additional funds were not requested during the Executive Budget process. Mr. Hintze said last Fall a meeting was held with project staff

from Northern Kentucky and, at that time, the amount of the cost overrun was considerably higher than it is today. Before asking the Committee for additional funds, project staff tried to work through change orders and the existing project budget to see if they could stretch the funds. As a result of those efforts, about \$1 million was cut from the project. Mr. Hintze said by the time it became clear they could make no further cuts in the project, and additional funding was needed, it was late in the Session, and a request for contingency funds was their only recourse.

In response to comments by Chairman Damron, Mr. Hintze said no commitment was made to provide supplemental funding for the Convention Center either last Fall or during the early part of the Session, and there were no plans to come in after the Session and ask for additional money. He said they had hoped project funds would be sufficient to complete the project, and when they realized this was not the case, it was late in the Session, and they made an independent judgment to request additional funds.

Chairman Damron asked if there was any effort to seek local funds to pay for this overrun. Mr. Hintze said it was discussed, but financing for this project is significantly different than financing for Louisville's Commonwealth Convention Center. The county's local tax will be dedicated to the operation of the Convention Center; it will not be a state-subsidized operation like the Commonwealth Convention Center. In addition, Kenton County has funded a \$13 million parking garage to serve the Convention Center.

Senator Leeper said the request for additional moneys to install items that should have been included in the original plans was unusual, and it appeared that mistakes have been made.

Commissioner Russ responded that the majority of the project enhancements, including the partitions, were in the original design but were removed when the project was redesigned. When they were removed, it was hoped the \$800,000 in the project's contingency budget would be available to pay for those enhancements. He said design/construction flaws were later discovered that will require arbitration with the engineer and the contractor, but in the meantime, they need to borrow money from the contingency fund to keep the project moving.

Senator Leeper commented that project staff knew during the budget process and before the budget passed, they would need additional money. Commissioner Russ said they did not know about the design/construction flaws, which account for 1/3 of the request: fireproofing in the Exhibit Hall and bulkheads to support moveable partitions.

In response to another question from Senator Leeper, Mr. Charles Wheeler, Executive Director of the Northern Kentucky Convention Center Corporation, said early on the amount of uncommitted funds in the project budget matched the amount of money needed for the building enhancements. He said they were confident that based on the bids and specifications, there would be funds in the project's budget during the course of the project for the enhancements. However, problems began to occur which came to a head at the end of January, and those uncommitted funds had to be used for issues that arose during construction.

Mr. Wheeler said Convention Center staff will do interior painting, which will reduce the project cost by \$50,000. He said staff has corrected a kitchen design error, and through engineering work, will be able to reduce costs relating to the error from \$220,000 to \$130,000. He said they have worked constantly to keep the project within budget.

Senator Leeper said he appreciated the Convention Center using its own staff to trim project costs. However, he noted Committee members fought during the Session to get small amounts of money for projects in their districts into the budget and, in this case, staff should have seen the need for the additional money soon enough to ask for it during the budget process. He also questioned the wisdom of beginning construction on a project with a contingency budget that is only adequate to cover items deemed necessary for completion of the project.

Senator Buford asked if they will need the drywall bulkheads if they do not have the moveable dividing partitions. Commissioner Russ explained they will need something because they have the structural steel in place for the partitions. He said one of the ongoing disputes between the contractor and the engineer is how to make the interface between the ceiling and the location of the partitions. He said if they do not have the moveable partitions, the inside of the building will look like a barn or a warehouse, and will not be suitable for meeting facilities. He also said fire codes will prevent the Convention Center from opening without the fireproofing.

Senator Buford referred to information submitted concerning the acquisition of a strip of land, 30 ft. by 175 ft., from the Internal Revenue Service (IRS). Mr. Wheeler said the land acquisition may be necessary because there is no off-street unloading for exhibits, and little room for trucks to maneuver at the loading dock. He said next week they will begin negotiating with the IRS for access to its parking lot which is adjacent to the Convention Center.

Senator Buford asked if there is a cost estimate for using the IRS parking lot. Mr. Wheeler explained they would have to make some improvements, including clearing the land, blacktopping, moving the fence to comply with IRS specifications for security, and

relocating approximately 25 parking spaces. Mr. Wheeler said negotiations have not begun, but the IRS has indicated it would need \$24,000 annually to find alternative parking.

Senator Buford asked if the state could let the IRS park in the Convention Center parking lot. Mr. Wheeler said if this was the case, the Convention Center would have to reimburse the county because it is a county-owned parking garage. He also pointed out the General Assembly will not provide annual operating funds for the facility; the County will annually raise the estimated \$800,000 needed to operate the Convention Center. Mr. Hintze said funding for real property improvements to provide more space at the loading dock is estimated to be \$50,000, and is part of the whole package being presented today, not a future cost.

Chairman Damron said there are a number items on the agenda, and several Committee members had suggested passing over this item and the remaining Finance and Administration Cabinet projects until the House and Senate adjourn for the afternoon. Mr. Hintze indicated that he would be unable to return for the afternoon session, but Commissioner Russ would be available.

Next, Commissioner Russ presented four lease modification reports. The first lease modification report was for PR-3968, a lease of office space in Pike County for the Department of Workers' Claims, Labor Cabinet. He said the lessor is Summit Engineering, and the action taken is to amortize \$1,647 over the remaining term of the lease (June 30, 2000). The lease modification includes construction of an interior wall and a doorway to enclose an office for a new administrative law judge.

Commissioner Russ explained the second lease modification, PR-1213, a lease of office space in Franklin County for the Petroleum Storage Tank Environmental Assurance Fund Commission. He said the lessor is Bronston Redmon, and the action taken is to amortize \$2,105, with interest, over the remaining term of the lease (June 30, 2002). The lease modification includes reconfiguration of the existing office to accommodate additional staff.

The third report presented by Commissioner Russ was a parking space modification request for PR-3862, a lease of office space in Franklin County for the Department of Insurance. He said the lessor is Elois Peach, and the Department of Insurance is requesting 15 additional parking spaces in the Sullivan Parking Garage for newly hired staff and persons attending training sessions. Commissioner Russ said the Department of Insurance currently leases 128 parking spaces at \$13 per space per month, and the new agreement will increase parking to 143 spaces at the same rate for an additional \$2,340 annually.

Chairman Damron said lease modifications of less than \$50,000 must be reported to the Committee within 30 days, but do not require Committee action.

The final lease modification report presented by Commissioner Russ was a lease modification report for PR-3843, a lease of office space in Kenton County for the Cabinet for Families and Children. He said the lessor is Covington Center Limited Company, owned by David C. Herriman. Commissioner Russ reported the Cabinet for Families and Children (CFC) is requesting 7,379 sq. ft. of additional office space in the facility they occupy because they have been asked to vacate other office space currently leased from the Kenton County Fiscal Court. Commissioner Russ said the additional square footage will amount to an increased cost of \$78,032 annually.

Representative Wayne made a motion to approve the lease modification for PR-3843. The motion was seconded by Senator Buford and passed by voice vote.

Next, Mr. Tom Howard, Office of Financial Management and Economic Analysis (OFMEA), presented three new bond issue reports. The first bond issue report was for Kentucky Economic Development Finance Authority (KEDFA) Variable Rate Demand Revenue Bonds, Series 1998 (Pooled Hospital Loan Program). Mr. Howard said the proceeds of this bond issue will be used for capital projects and to purchase hospital equipment for Community Methodist Hospital in Henderson; Ephraim McDowell Regional Medical Center in Danville; Owensboro Mercy Health System in Owensboro; Regional Medical Center in Madisonville; St. Claire Medical Center in Morehead; and TJ Samson Community Hospital in Glasgow. Mr. Howard said the total expected loan amount is \$96 million; the proposed sale date is May 5, 1998; the bonds are rated A-1 by Standard and Poor's; and the expected net proceeds are \$104,900,000. He said this will be a seven day variable rate demand note and a negotiated sale. Bond counsel is Chapman & Cutler; underwriter's counsel is Hunton & Williams; financial advisor is the Public Advisory Corporation; underwriter is George K. Baum & Co.; and trustee is Bank One.

Next, Mr. Howard presented a bond issue report for Kentucky Housing Corporation (KHC) Revenue Bonds, 1998 Series A, B, and C. He said this issue is approximately \$58 million in new money, and a refunding of approximately \$20 million. Mr. Howard said the proceeds of this bond issue will be used to provide single-family mortgage loans to first time homebuyers. He said the Series A bonds are non-Alternative Minimum Tax (AMT) bonds, Series B bonds are AMT bonds, and Series C bonds are short-term convertible option bonds. He said the bonds will be sold on May 28 as a negotiated sale, will close on June 25, and are rated Aaa by Moody's and AAA by

Standard and Poor's; the expected net interest rate is 5.36% for Series A & B bonds, with a final maturity of July 1, 2030; and the expected interest rate is 3.8% for Series C bonds, with a final maturity of January 1, 1999. Mr. Howard said the bonds are callable in 2008. Bond counsel is Kutak Rock; underwriter is Merrill Lynch; underwriter's counsel is Peck, Shaffer, & Williams; and trustee is PNC Bank.

Next, Mr. Howard presented a bond issue report for Kentucky Economic Development Finance Authority Catholic Health Initiatives Revenue Refunding Bonds, Series 1998. He said this issue is fixed rate bonds, which will be used to refund KEDFA Series 1989 and 1995 issues. He said the proposed date of the negotiated sale is May 19; the bond ratings are Aa2 by Moody's, and AA by Standard and Poor's and Fitch; the expected net proceeds are \$104 million; the anticipated net interest rate is 5.5%; the bonds are callable in 2008 at 101%. Bond counsel is Foley Lardner Weissburg & Aronson; underwriter's counsel is Orrick, Herrington & Sutcliffe; underwriter is PaineWebber Inc.; and trustee is Norwest Bank.

In response to a question from Senator Nunnelley, Mr. Howard said the state is issuing a 32 year bond because not all of the mortgages will be originated immediately. He said there has to be a stated final maturity on the bonds longer than the last mortgage originated, and it is possible that it could take up to two years to process applications for the funds.

Senator Nunnelley made a motion to approve the two KEDFA bond issues and the one bond issue for the Kentucky Housing Corporation. The motion was seconded by Senator Leeper and passed by voice vote.

Chairman Damron asked Senator Leeper to take over duties of the Chair for the next two agenda items. Senator Leeper called on Mr. Howard to report on thirteen new SFCC issues, one which required a tax increase: Barren Co. - \$7,930,000 to complete additions and renovations at two elementary schools; Bath Co. - \$1,015,000 to complete additions and renovations at two elementary schools; Bourbon Co. - \$400,000 to renovate the high school; Carter Co. - \$5,835,000 to build a new elementary school and \$1,625,000 to refund 1990 and 1991 bonds; Covington Ind. (Kenton Co.) - \$4,675,000 to renovate an elementary school and a high school; Danville Ind. (Boyle Co.) - \$2,260,000 to renovate two elementary schools, one middle school, and one high school; Fayette Co. - \$12,935,000 to complete additions to one high school and two middle schools; Garrard Co. - \$325,000 to construct 10 classrooms and install HVAC equipment at a middle school; Grayson Co. - \$860,000 to complete an addition to the high school; Henderson Co. - \$3,000,000 to renovate and build an addition to the high school; Marion Co. - \$3,420,000 to build additions at two elementary schools; and Pulaski Co. - \$7,230,000 to renovate an elementary school and a high school (3.95¢ tax levied).

Representative Wayne made a motion to approve the school bond issues with SFCC participation in debt service. The motion was seconded by Representative Marcotte and passed by voice vote. Chairman Damron abstained from the vote, citing a possible conflict of interest.

Senator Leeper said there were nine new school district bond issues with locally-funded debt service, none of which require a tax increase. Local school bond issues were reported for the following school districts: East Bernstadt Ind. (Laurel Co.) - \$549,000 to renovate a middle school and pave the parking lot; Elizabethtown Ind. (Hardin Co.) - \$250,000 for energy improvements; Erlanger-Elsmere Ind. (Kenton Co.) - \$33,500 to purchase a school bus; Marion Co. - \$965,000 to install energy conservation equipment at

various schools; McCracken Co. - \$4,380,000 to complete additions at two middle schools and two elementary schools; Newport Ind. (Campbell Co.) - \$65,000 to purchase a school bus; Owensboro Ind. (Daviess Co.) - \$300,000 to complete improvements at a middle school; Paducah Ind. (McCracken Co.) - \$2,545,000 to renovate heating systems and make roof improvements; and Washington Co. - \$4,770,000 to build a new elementary school.

Senator Leeper said no action was required on school bond issues that are 100% locally-funded.

Chairman Damron said the updated monthly/weekly debt issuance calendar was enclosed in members' folders.

Representative Wayne said legislation passed during the Session requires unclaimed lottery winnings in excess of \$6 million to be transferred to the Affordable Housing Trust Fund. He suggested the Committee request a quarterly report from the Lottery Corporation on unclaimed lottery winnings. Chairman Damron said he would have staff draft a letter to Mr. Gleason, President and CEO for the Lottery Corporation.

Chairman Damron said the meeting would recess until the House and Senate adjourn later in the day. The meeting recessed at 11:30 a.m.

The meeting reconvened at 4:45 p.m. The Committee agreed to discuss the remaining Finance and Administration Cabinet projects before discussing the Northern Kentucky Convention Center project.

Commissioner Russ explained the Kentucky Dam Village State Park Lodge Renovation project. He said this project was originally estimated to cost \$4 million; however, bids came in at \$6 million. He said the project was redesigned and then rebid. In September of 1997, the Committee approved an allocation of \$161,000 from the Capital Construction and Contingency Account to accept the low bid. Then in January of 1998, the Committee approved an allocation of \$356,400 in funds from the contingency account to fund a cost overrun due to problems encountered once construction began. Commissioner Russ said the Department of Parks is now requesting \$268,600 from the contingency account because the project's budget has been exhausted due to several change orders. The requested funds will be used to cover costs during the remaining four months of construction and to replace a section of the lodge's kitchen roof. He added this third request from the contingency fund now puts the project at its maximum 15% limit.

In response to a question from Senator Leeper, Commissioner Russ said they did not find out about the project cost overrun until two days ago. He explained the latest project expense would facilitate opening of the dining room in May as scheduled. In addition, the kitchen has a roof leak that needs to be fixed. Commissioner Russ added that roof repair was removed from the original project to reduce the cost.

Senator Leeper expressed concern about the late notice on the project, and said he felt it was important that this not continue to happen. He then made a motion to approve the contingency account allocation for Kentucky Dam Village State Park Lodge Renovation project. The motion was seconded by Representative Marcotte and passed by voice vote.

Representative Wayne said three separate requests for contingency funds for this project shows poor management, poor judgment, and poor planning, and regardless of the

circumstances surrounding the project, it is an insult to the Committee to give members such short notice. He explained there are certain statutory guidelines they follow to make sure things are done properly and in the public's interest.

Chairman Damron said he discussed his concerns with Secretary McCarty earlier in the day regarding late submittal of project requests by the Department of Parks. He said Secretary McCarty was frustrated as well, and assured him he would take steps to make sure it does not happen again. He added the purpose of the Committee's review process is to ensure proper analysis, and the project has not had the kind of review it should have.

Next, Commissioner Russ discussed the Buckhorn Lake State Park Marina Improvement. He said the project involves replacing most of the marina at Buckhorn lake. The project was bid last Fall, and the Committee approved a request for a \$61,600 allocation from the Capital Construction and Equipment Purchase Contingency Account to accept the only bid received. However, the funds were not transferred, and a contract was not awarded because of uncertainty as to the ability of the bidder to secure renovation prior to the 1998 boating season. Commissioner Russ said the project was redesigned, and rebid on April 7. The Department of Parks is now requesting \$114,000 (15%) to meet the low project bid. He noted this project, like the Kentucky Dam Village project previously discussed, is very time-sensitive.

Senator Leeper and Chairman Damron both raised concerns that agencies are requesting the maximum amount (15% of authorized scope) permitted from the contingency fund. Chairman Damron said these concerns have been raised in the past, and there are few funds remaining in the account for the remainder of the biennium.

Representative Wayne asked why the Buckhorn Lake State Park Marina Improvement is considered an emergency and was submitted so late. Commissioner Russ explained the bidder would not agree to extend his bid beyond 30 days because the price commitment he received from a manufacturer could not be extended. He said if this project was not placed on today's agenda, the bid would expire on May 7, which is before the next Committee meeting. A further delay would mean they would miss part of the tourist season.

Representative Graham made a motion to approve the contingency account allocation for the Buckhorn Lake State Park Marina Improvement. The motion was seconded by Representative Wayne and passed by voice vote.

Next, Commissioner Russ discussed the Capital Plaza Tower Humidification project. He said employees working in the Capital Plaza Tower asked the National Institute for Occupational Safety and Health (NIOSH) to inspect the building because they were concerned about indoor air quality. He said NIOSH recommended maintaining humidity levels in the building between 30-60%. He said \$99,000 from the Statewide Deferred Maintenance Pool will be used to purchase a new boiler to maintain proper humidity levels in the building.

Chairman Damron asked about the status of the Human Resources Building. Commissioner Russ said the problems in that building are due to mold or fungi growth on the drywall and ceiling tiles, caused by an unrepaired roof leak. He said the roof repair should be complete within a month, and they are replacing wallcoverings and carpet. Commissioner Russ said they may ask for additional funds at a later date to help with humidification in the building. He added they hope to have the project completed within the next four or five months.

Chairman Damron said he has received complaints from employees in the building, concerned about their health. He said it was his understanding the employees may file a class action suit against the State for violating OSHA standards. Commissioner Russ said he has met with the employee committee, and an environmental consultant has been hired to work with the committee. However, he said he was unaware of any class action lawsuits. Chairman Damron asked Commissioner Russ to keep him informed on efforts to address problems at the Human Resources Building.

Commissioner Russ next discussed the Bluegrass Station Sewer and Water Systems Upgrade project. He said they found a number of items needing replacement that are beyond the scope of the project. Commissioner Russ said the Department of Military Affairs wants to use \$169,842 (15%) in agency funds to complete the additional improvements.

Senator Leeper made a motion to approve the use of agency funds for the Bluegrass Station Sewer and Water Systems Upgrade project. The motion was seconded and passed by voice vote.

Chairman Damron said the last item on the agenda was the Northern Kentucky Convention Center.

In response to a question from Representative Wayne, Mr. Wheeler said the hotel room tax in Cincinnati is higher than in Northern Kentucky, but he did not know how much higher. He said the portion they receive from the Northern Kentucky room tax is 1% and will be used to provide for long-term operation of the Convention Center. He also

reiterated that the local contribution of the project was a \$13 million parking garage. Representative Wayne said the parking garage will also serve the court complex as well.

In response to another question by Representative Wayne, Mr. Wheeler said they would be meeting this week with IRS officials from Washington and Atlanta concerning acquisition or lease of the IRS property. Commissioner Russ added that Jim Abbott, Director of the Division of Real Properties, has had preliminary discussions with the IRS about a potential land swap.

Representative Wayne said he realizes this is a bigger project than Northern Kentucky has taken on before, and a new venture, but it appears that project planning has been very poor. He said some of the things before the Committee today should have been addressed in the beginning of the process, not two months before the opening date.

Representative Wayne said when local officials mess up, the local officials have to assume responsibility. He said, however, he would support the project because of the integrity of Representative Callahan, who had asked him to support it.

Representative Marcotte said he agreed with other Committee members as far as the timing of this project, and he thought the whole thing could have been handled a lot better. He said, however, he had discussed the project with Mr. Hintze earlier in the day, and Mr. Hintze said the recovery from design/construction errors could be as much as \$500,000. He said that means a lesser amount of contingency funds than requested will likely be required. He said he intended to support the project, and thought it was important that the Convention Center be fully operational when it opens.

Senator Leeper said he had already voiced strong concerns about how the project came before the Committee, but noted he received more information about the project after the morning session. He said one reason he will support the request is the fact that the request represents only 5.2% of the authorized scope of the project.

Senator Buford asked if the project will need money in the future to address problems with the loading dock area. Mr. Wheeler said the cost associated with loading dock (\$50,000) is part of the request before the Committee today. Senator Buford asked if in the initial planning stages of the project, any thought was given to space requirements for trucks to unload. Mr. Wheeler said the architect assured them there was enough room for a truck to access the loading dock. He said they tried to have the city expand the street by 7 ft., but the city refused.

Senator Buford made a motion to approve \$1.5 million from the contingency account for the Northern Kentucky Convention Center project. The motion was seconded by Representative Marcotte and approved by voice vote.

Chairman Damron asked Commissioner Russ to follow-up with the Committee at the May or June meeting on the status of each of the projects submitted late this month.

Representative Damron announced the next Committee meeting is scheduled for 1:30 p.m. on May 19 in room 129.

The meeting adjourned at 5:20 p.m.